



The National Minimum Wage in France

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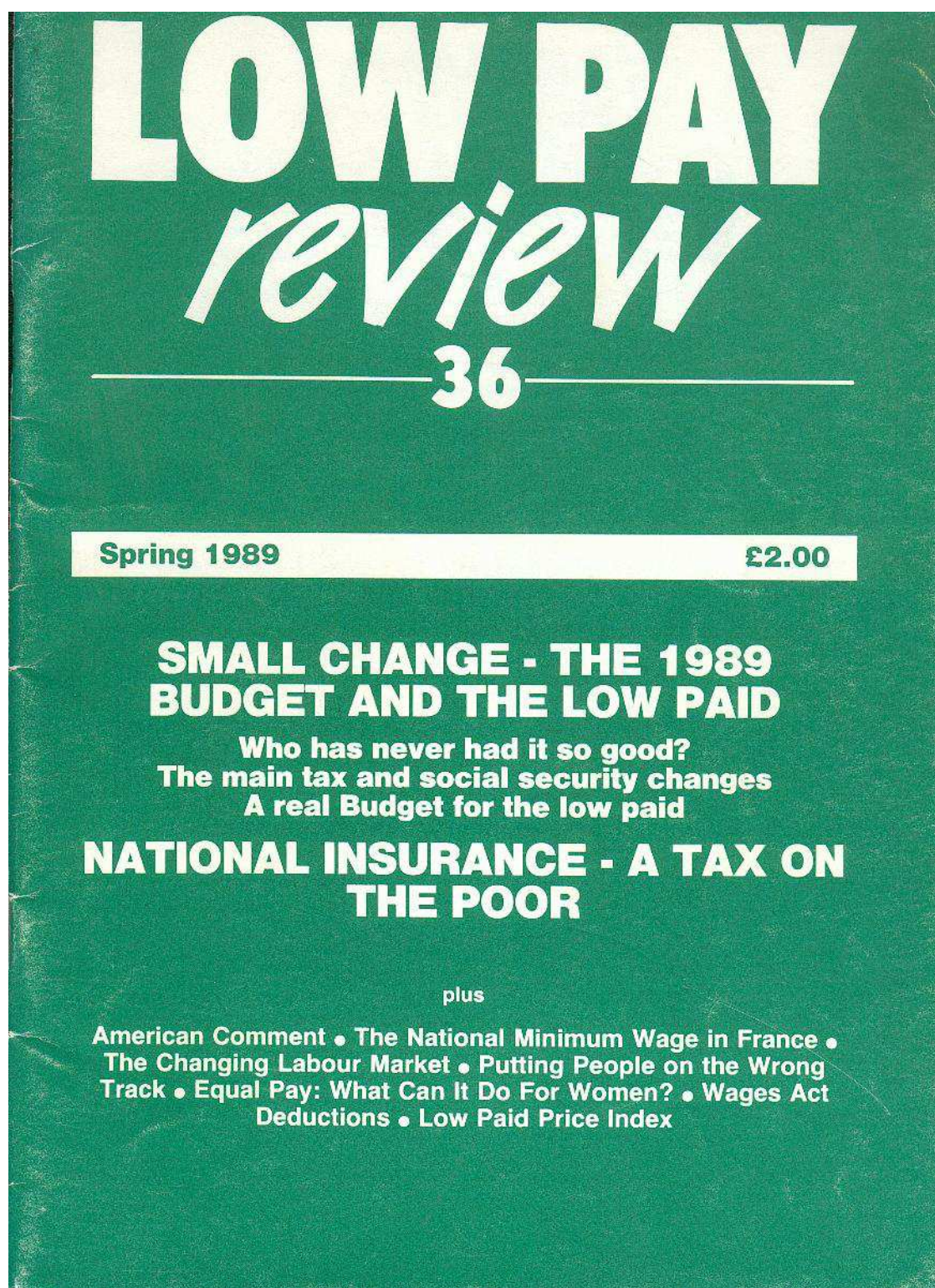
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In France, the first step taken to help low-paid workers came in 1848 under the Second Republic. Parliament decreed that the wages of subcontracted labour were to be investigated if the competent authorities deemed that workers were being unfairly remunerated. Fifty years later, wages paid on all government subcontracting were established "at the local average rate".

It was not until 1915, however, that a minimum wage was fixed by law and although it only covered homeworkers in the textile industry when it was passed, the effects rapidly spread to other homeworkers.

The next major step came in 1950 when the S.M.I.G. was introduced (*salaire minimum interprofessionnel garanti*) which guaranteed a statutory minimum wage for all professions. This was based on the standard budget of an unmarried unskilled worker living in or near Paris and although it represented an important landmark in the history of wage negotiations, it soon became apparent that the initial budget was unrealistic. Further modifications were implemented leading to a national statutory minimum wage calculated using the retail price index. At first, 213 articles from the "housewife's shopping basket" were considered as suitably reflecting the basic needs and included rent, transport, clothes etc. In 1957, the number of articles was changed in order to relate to a family's needs.

The S.M. I.G. was reviewed from time to time and each time the total price of the shopping basket rose by at least 2%, the S.M.I.G. automatically increased by the same amount.

In 1970, the S.M.I.C. was introduced (*salaire minimum interprofessionnel de croissance*) and index-linked to the now 259 articles in the shopping basket but also to the "general economic situation". To this end, although the S.M.I.C. is subject to the automatic 2% increase, it is reviewed annually on the 1st of July to decide whether prevailing economic conditions justify a non-index-linked increase. The government can also decide to modify the S.M.I.C. at any time on the advice of a specialist committee comprised of civil servants and union officials.

In 1985, some 1.4 million workers were earning the basic S.M.I.C. out of an economically active population of 21 million. Most of these were concentrated in the catering and textile

industries, where collective bargaining is virtually non-existent (no surprise to anyone familiar with the low-wages climate in Britain!).

The major drawback of the S.M.I.C. is the definition of the housewife's basket. Even so, the statutory minimum wage is widely accepted as being the minimum necessary barrier between more unscrupulous employers and their workers and is recognised by the unions as being the socially accepted minimum upon which careful collective bargaining can lay its foundations. For French workers, especially at the beginning of their careers, the S.M.I.C. is one of the reliable parameters in a maze of contract legislation quite often beyond many people's understanding.

The 1989 Budget was a disappointment for the low paid: much was promised but virtually nothing was delivered. The Budget did little for the 6.6 million tax payers who earn less than the Council of Europe's decency threshold, and failed to make a significant impact on the poverty trap.

Two principal articles look at the effect of the 1989 Budget on the poor. Our overnight Budget analysis, *Small Change — the 1989 Budget and the Low Paid* examines the Government's measures and highlights the failure to reduce significantly the tax burden on the low paid.

In *National Insurance: A Tax on the Poor* we consider what the Chancellor has done to reform the system of National Insurance Contributions. The analysis reveals that there is still much to do if the NI system is to become a fairer form of taxation.

The Briefings section includes reports on developments in social security and minimum wages in France and *American Comment* looks at moves to raise the minimum wage in the United States. The Equal Opportunities Commission has invited comments on their proposals for reform of equal pay legislation: *"Equal Pay: What Can It Do For Women?"* outlines the content of their proposals. We also report on cases brought under the Wages Act and equal pay legislation and the latest Low Paid Price Index.

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